

PROGRAM TO SUPPORT INDIGENOUS AND BLACK COMMUNITIES (PAPIN)

(HO-0193)

EXECUTIVE SUMMARY

Borrower:	Republic of Honduras	
Executing agency:	Ministry of the Interior and Justice (SGJ)	
Amount and source:	IDB (FSO):	US\$ 1,550,000
	Austrian Trust Fund (grant):	US\$ 1,000,000
	Local contribution:	US\$ 230,000
	Total:	US\$ 2,780,000
Financial terms and conditions of the FSO loan:	Amortization period:	40 years
	Grace period:	10 years
	Execution period:	30 months
	Disbursement period:	36 months
	Interest rate:	1% for the first 10 years, 2% thereafter
	Inspection and supervision:	1%
The problem:	Credit fee:	0.50% annually on the undisbursed balance
	To include and address from a cultural perspective the various infrastructure needs of indigenous and black communities, the country must enhance its policy of intervention to conform to the cosmovision of those peoples. It must also coordinate mechanisms for dialogue between the government and indigenous and black communities that facilitate coordination between the two sides. For the purposes of this program, all the points mentioned come under a concept known as ethno-engineering (paragraph 1.17), which involves a series of principles and methodologies aimed at adapting and adjusting different infrastructure works to the specific cultural, social, and environmental characteristics of the beneficiary ethnic groups.	
Rationale for the innovation project:	This program was designed as an innovation loan based on the following considerations (see paragraph 1.16): (i) it uses a new ethno-engineering model that adapts or adjusts different infrastructure works and traditional engineering practices to the specific social and cultural characteristics of indigenous and black populations, which are able in	

turn to participate in all aspects (prioritization, selection, design, execution, and maintenance) of the works from which they are to benefit. Also, the program incorporates an evaluation and monitoring system adapted to the model itself so that the innovative experience can be monitored and studied comprehensively; (ii) it promotes dialogue between the government and indigenous organizations and includes participatory methodologies throughout the project cycle; (iii) it supports training for the beneficiaries based on gender equity, which makes it possible to determine their needs and subsequently to replicate the model on a larger scale; and (iv) the lessons learned could be used in the future in similar, more extensive programs.

Objectives: The general program objective is to improve the environment for developing infrastructure investments in indigenous and black communities in Honduras. The specific objectives are to build minor infrastructure works using the ethno-engineering model and to promote social and gender equity in government, civil society, and ethnic groups.

Description: The program consists of three components as described below:

Component 1: Validation and implementation of the ethno-engineering model in two pilot communities (Total: US\$1,661,000; IDB: US\$651,600; counterpart: US\$10,000; Austrian Trust Fund: US\$1,000,000)

This component will validate the ethno-engineering model in two indigenous communities (see paragraph 2.3) through the following activities: (i) workshops to adapt the model to the selected communities for members of the federations/pilot communities, the executing unit, and technical advisors for selecting which community works to execute and implementing them; (ii) conducting a preinvestment study for the selected works in accordance with the ethno-engineering plan; and (iii) the design and construction of the selected works and of maintenance plan.

Component 2: Strengthening ethnic ties and the national regulatory framework (Total: US\$219,624; IDB: US\$173,224; counterpart: US\$46,500)

The objective here is to forge stronger ethnic ties and strengthen the national indigenous regulatory framework to promote equity for indigenous and black populations in Honduras. Specifically, this component provides financing to train representatives of the federations and other government officials involved in indigenous and black affairs in order to achieve a better understanding on both sides and at all levels of activity (central, regional, and local). The component proposed by all ethnic groups in Honduras seeks to

achieve a better understanding of the issues affecting indigenous and black populations and to bring these populations nearer to the pertinent government institutions and vice versa. Under the program financing will be provided to draft indigenous and black populations legislation to support the adoption and ratification of the rights agreed on between the Honduran government and the country's ethnic groups.

Component 3: System for evaluating and measuring program performance (SEM) (Total: IDB US\$260,000)

This component seeks to closely evaluate and monitor the ethno-engineering methodology, while providing exhaustive program follow-up. The SEM is a key part of this pilot operation and will support the function of identifying, implementing, and evaluating the pilot experience and publishing the results, as well as the tools needed to gauge program performance, by examining the program results in terms of their sociocultural, environmental, and economic return.

Specifically, it provides financing for the following activities: (i) the design of a system for evaluating and measuring program performance and performance indicators and the pilot projects; (ii) compiling and storing data representative of the indicators established when the model was defined; (iii) exhaustive analysis and publication of data based on an evaluation scale that makes it possible to gauge fully the performance of the program and report on: its successes/failures to all the beneficiaries, the adaptability of the ethno-engineering guidelines, the involvement of indigenous and black federations, the design and execution of the two pilot projects, and the program's performance in the beneficiary communities; and (iv) the SEM will include a mechanism for ongoing self-correction to calibrate the program design and execution according to needs and problems that may arise.

Special aspects: The program will be financed from three main sources: (1) an IDB innovation loan of US\$1,550,000 to be drawn on the net income of the Fund for Special Operations to finance components 1, 2, and 3, including the validation of the ethno-engineering model and design and construction of small priority works in two pilot communities, activities for forging stronger ethnic links and preparing and implementing the program evaluation and monitoring system. The local counterpart will amount to US\$230,000; (2) grant funds from the cofinancing provided by Austrian Technical Cooperation Fund for Hurricane Mitch Disaster Assistance and Reconstruction for the countries of Central America (US\$1 million) will be used to supplement the FSO financing for component 1; the resources from the Fund may also be used to cofinance infrastructure works; and

(3) once the Board of Executive Directors approves this operation, Management will authorize the use of Canadian technical cooperation funding in the amount of Can\$225,000 (equivalent to US\$146,075) for activities to support cultural community groups of black and indigenous women. The present initiative was approved by the CAD and the plan of operations is attached to the present report (paragraph 3.14) as Annex III.

**The Bank's
country and
sector strategy:**

The Bank's country paper establishes support for the reconstruction and transformation of Honduras as a central objective. The National Master National Transformation and Reconstruction Plan sets the following priorities: (i) stepping up economic growth and the fight against poverty; (ii) promoting the development of human capital; (iii) encouraging sustainable management of natural resources; and (iv) strengthening government bodies and democracy building. This program covers these objectives, because it helps to establish a sound basis for economic growth in the beneficiary populations; to strengthen ethnic ties, training, and active involvement by the members of indigenous and black communities and by women; to strengthen regulatory capacity in government agencies, since it supports the preparation of draft legislation; and to incorporate the environmental and sociocultural dimension into the ethno-engineering model.

**Environmental
and social
review:**

This project report was approved without observations at the 10 August 2001 meeting of the Committee on Environment and Social Impact (CESI/TRG).

Benefits:

The program will produce extremely favorable socioeconomic benefits for a broad segment of the Honduran population, and help to reduce poverty, enhance equity between indigenous and black groups and the rest of the country, and foster social inclusion of communities that, until now, have received scant attention. The Program to Support Indigenous and Black Populations (PAPIN) will also contribute to the cultural development and enhancement of the participating communities since the aim of the ethno-engineering is to improve the efficiency of investment in infrastructure and make it sustainable. Also included are gender equity elements to promote the active involvement of women in identifying and selecting community needs, and to encourage the leadership capacity of representatives of the participating groups (see paragraphs 4.1 to 4.4).

Upon completion of the program, the executing agency and the Bank will have drawn innovative experiences and lessons that may be applied in formulating subsequent operations in the sector. Depending on the outcomes, the country is expected to approach the Bank for support with another more comprehensive loan operation in sufficient

amount to produce a greater, more meaningful impact on other black and indigenous populations and communities in Honduras.

Risks: The most significant risks identified are: (i) potential institutional weakness in the indigenous and black organizations for program coordination and monitoring and for the pilot projects; and (ii) lengthy execution periods for works and activities as a result of the participatory methodology used and the distance and remoteness of the beneficiary communities (see paragraphs 4.5 and 4.6).

Special contractual clauses: Special condition precedent to the first disbursement: the program executing unit (EU) must have been established and the general program coordinator hired in accordance with the terms of reference agreed on by the executing agency and the Bank (paragraph 3.3).

A midterm evaluation will be performed in month 15 of the program and a final evaluation within 3 months after its completion (paragraphs 3.11 and 3.13). The consultant performing the evaluations will be hired within 3 months after commencement of the program (paragraph 3.23).

Poverty-targeting and social sector classification: This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (see paragraph 2.32).

Exceptions to Bank policy: None.

Procurement: Works will be contracted, related goods and services procured, and consulting services hired in accordance with Bank policies and procedures. International competitive bidding will be required for: (i) works, when their estimated cost is equal to or greater than the equivalent of US\$1 million; and (ii) related goods and services, when their estimated cost is equal to or greater than the equivalent of US\$250,000. An international call for proposals will be required for contracting consulting services valued at more than the equivalent of US\$200,000. The contracting of works, procurement of related goods and services, and the hiring of consulting services in lesser amounts will be governed by the procedures established in Annex D, which will be an integral part of the loan contract.

This program does not provide for the procurement of goods in amounts equal to or greater than US\$250,000 or the contracting of works in amounts equal to or greater than US\$1 million (see paragraphs 3.15 to 3.18).